

Contact: Matt Lloyd

PENCE SAYS CAPITAL GAINS TAX CUT NEEDED TO GIVE ECONOMY SHOT IN THE ARM
Congressman Authored First Capital Gains Cut in 108th Congress

Washington, May 6, 2003 - WASHINGTON, D.C. – Congressman Mike Pence today called on Congress to approve a reduction in capital gains taxes when it considers the economic stimulus package later this week. Pence authored the American Dream Tax Relief Act of 2003, the first capital gains tax cut to be introduced into the 108th Congress.

“Only a significant reduction in taxes on the sale of investments like homes, farms, ranches or family businesses will kickstart this economy,” said Pence. “In most years, slightly less than half of taxable capital gains are realized on the sale of corporate stock.”

A capital gain is the difference between the money received from selling the asset and the price paid for it.

“Just as President John F. Kennedy successfully reduced taxes on capital and unleashed economic growth during his presidency, this Congress needs to follow the leadership of President Bush and help get this economy moving again,” said Pence.

Pence’s legislation reduces capital gains taxes to 10 percent for every American. The current Internal Revenue Code taxes capital gains income at a series of different rates, ranging from 28-8 percent, depending on such factors as the type of disposed property that produced the gain and the length of time the property had been owned by the taxpayer. There is a provision that excludes 50 percent of the gain from the sale or exchange of certain small business stock held for more than five years from capital gains income (Section 1202 property).

The American Dream Tax Relief Act of 2003 eliminates the complex formula currently used to determine the taxes owed on the sale of capital assets by establishing a single capital gains tax rate of 10 percent. The bill also retains the 50 percent exclusion for Sec. 1202 property and would tax the sale of such property at 5 percent.

The bill is co-sponsored by 32 Members of the House of Representatives, including Reps. Sue Myrick (NC-09), Pat Toomey (PA-15), Paul Ryan (WI-01), John Shadegg (AZ-03), Dan Burton (IN-05), John Hostetler (IN-08), Mark Souder (IN-03), Chris Chocola (IN-02), Joe Pitts (PA-16), Jim DeMint (SC-04), Tom Tancredo (CO-06), David Weldon (FL-05), Pete Hoekstra (MI-02), Pete Sessions (TX-32), Jeff Flake (AZ-06), John Doolittle (CA-04), Jo Ann Davis (VA-01), John Culberson (TX-07), John Sullivan (OK-01), Joe Wilson (SC-02), Virgil Goode (VA-05), Steve King (IA-05), Jim Ryun (KS-02), Todd Akin (MO-02), Lee Terry (NE-02), Todd Tiahrt (KS-04), C.L. "Butch" Otter (ID-01), Robert Aderholt (AL-04), Tom Feeney (FL-24), Gresham Barrett (SC-03), Steve Pearce (NM-02).

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